

7-29-91
12-28-91

CEMENT SUPPLY AGREEMENT

This CEMENT SUPPLY AGREEMENT (this "Agreement") is made effective as of the 29th day of July, 1991 by and between LONE STAR NORTHWEST, INC., a Washington corporation ("LSNI"), ASH GROVE CEMENT COMPANY, a Delaware corporation ("Ash Grove"), and ASH GROVE CEMENT WEST, INC., a Nevada corporation, formerly known as Oregon Portland Cement Company ("AGCW").

For and in consideration of the mutual covenants and agreements hereinafter set forth, each of LSNI, Ash Grove, and AGCW do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Anchorage Base Price" means the Anchorage Market Price during the month of December, 1991; provided that if the Anchorage Market Price for that month deviates by more than \$1.00 from the Anchorage Market Price during either of the months of October or November, 1991, then the Anchorage Base Price shall be the Anchorage Market Price for the three-month period ending December 31, 1991.

"Anchorage Market Price" means, for any period, the weighted average per Ton price, F.O.B. Anchorage, for all Type G Cement sold during that period by LSNI, net of any sales taxes, discounts, rebates, allowances and freight.

"Annual Requirement" has the meaning set forth in Section 6.1.

"Carry Forward Amount" has the meaning set forth in Section 3.2.

"Cement" means Type I, Type II, Type III and Type G cements.

"Concrete Real Property" means the real property described on Exhibit E, and all improvements thereon and appurtenances thereto.

"Cover Amount" has the meaning set forth in Section 12.2.2.

"Contract Year" means the First Contract Year, the Second Contract Year or the Third Contract Year.

14114951041A017Q.TTB
7/26/91

1



AGC3A000001

"Controlled Entities" means those corporations of which LSNI owns, directly or indirectly, at least 50 percent of the voting stock and those partnerships or limited partnerships of which LSNI owns, directly or indirectly, at least a 50 percent equity interest.

"Cyclonaire" means the cement ship unloading system installed on and about the real property described in the Lease, including all personal property and fixtures related thereto of whatever kind or nature.

"Cyclonaire Letter Agreement" means that Letter Agreement dated April 20, 1990 between AGCW and LSN.

"Effective Date" means July 1st, 1991.

"Facilities" shall have the same meaning as set forth in the Lease.

"First Contract Year" means September 1, 1992 to August 31, 1993.

"Force Majeure" shall mean any cause or circumstances preventing or delaying a party's performing its obligations hereunder that are beyond its reasonable control, including, but not limited to: acts of God, acts of the public enemy of the United States, acts of insurrection or civil disobedience, labor disputes, strikes by employees, fire, earthquake, explosion, flood, drought, war, riot, sabotage, embargo, delays in transportation, and compliance with any applicable law, rule, regulation or order of any state of the United States or other governmental authority having jurisdiction, which prevents performance.

"Lease" means that certain Lease and Agreement dated as of April 14, 1987 by and between LSI and AGCW.

"Lease Restrictive Covenant" means the provisions of Paragraph 3.14 of the Lease.

"LSCC" means Lone Star Clinker Co.

"LSI" means Lone Star Industries, Inc., a Delaware corporation.

"LSI Supply Agreement" means that certain Agreement dated March 9, 1990 by and between AGCW and LSI.

"LSN" means Lone Star Northwest, a Washington general partnership.

"Minimum Deviation" has the meaning set forth in Section 5.3.

"Monthly Requirement" has the meaning set forth in Section 6.1.

"Option Agreement" means that certain Option to Purchase dated March 23, 1984 between LSI and AGCW, as Grantor and Grantee respectively.

"Purchase Agreement" means that certain Purchase Agreement dated January 25, 1984 between LSI and Ash Grove.

"Purchase Agreement Restrictive Covenant" means that provision contained in the Purchase Agreement restricting LSI and any entity in which LSI owns an interest from selling Cement in an area approximately coextensive with the area covered by the Lease Restrictive Covenant for ten years.

"Seattle Plant" means AGCW's cement plant, currently under construction, located at 3801 E. Marginal Way South, Seattle, Washington 98134.

"Second Contract Year" means September 1, 1993 to August 31, 1994.

"Termination Notice" means that certain letter from LSNI to Ash Grove dated May 20, 1991 declaring the Lease terminated pursuant to paragraph 3.17 of the Lease.

"Third Contract Year" means September 1, 1994 to August 31, 1995.

"Ton" means two thousand (2,000) avoirdupois pounds.

Section 2. Background and Purposes.

LSI and AGCW are Lessor and Lessee, respectively, under the Lease. LSNI is the successor to LSI's interest in the Facilities and as Lessor under the Lease.

Pursuant to the terms of the Lease, LSNI is leasing to AGCW certain Facilities located in Seattle, Washington. The Lease Restrictive Covenant restricts the Lessor (as defined in the Lease) from selling cement within a 100-mile radius of the Facilities during the term of the Lease. By the Termination Notice, LSNI, as the successor to the interest of Lessor under the Lease, has given to Ash Grove a notice of termination of the Lease pursuant to paragraph 3.17 of the Lease.

Pursuant to Cyclonaire Letter Agreement, AGCW has, on behalf of LSNI, installed and operated the Cyclonaire. LSNI and AGCW dispute the amounts due from AGCW as rent payments under the Lease for 1990, and dispute whether the Cyclonaire is an appropriate capital expenditure under the Lease.

LSI and Ash Grove are Seller and Buyer, respectively, under the Purchase Agreement. The Purchase Agreement Restrictive Covenant set forth in the Purchase Agreement restricts LSI and any entity in which LSI owns an interest from selling cement in an area approximately coextensive with the area covered by the Lease Restrictive Covenant for ten (10) years.

LSNI has acquired the Concrete Real Property subject to the Option Agreement. Pursuant to the Option Agreement, LSI has granted to AGCW the option to purchase the Concrete Real Property and the stock of LSCC.

AGCW is currently constructing the Seattle Plant in Seattle, Washington, for the manufacture and sale of cement in Washington and other relevant markets. AGCW also sells and distributes Type I, Type II, Type III and Type G cement in Alaska.

LSNI, Ash Grove and AGCW desire to enter into this Agreement to (i) resolve disputes between them relating to the Lease; (ii) provide for the sale of cement from AGCW to LSNI, (iii) terminate the Lease, including the Lease Restrictive Covenant, (iv) relieve LSNI of any restriction under the Purchase Agreement Restrictive Covenant, and (v) provide for the exercise or termination of the Option Agreement, all upon the terms and conditions hereof.

Section 3. Purchase and Sale of Cement.

3.1 Contract Amount. Subject to the provisions of this Agreement, AGCW shall sell to LSNI and LSNI shall purchase from AGCW, at the price determined in accordance with Section 5, a minimum of 400,000 Tons of Cement meeting the specifications described in Section 8, in the following minimum amounts for the indicated time periods, which amounts include Cement purchased under Section 4:

Minimum Amount

100,000 Tons

150,000 Tons

150,000 Tons

Time Period

~~January 1, 1992 to the end~~
~~of the First Contract Year~~
Second Contract Year
Third Contract Year

LSNI shall use cement purchased under this Agreement only for its own, and/or its Controlled Entities', ready-mix plants, and not for resale to other cement purchasers in Oregon or Washington.

3.2 Carry Forwards. LSNI may, at its option, elect not to purchase up to 25% of the minimum amounts set forth in Section 3.1 in any one Contract Year (a "Carry Forward Amount"). LSNI shall purchase a Carry Forward Amount in the 12 months immediately following the Contract Year at the price in effect under this Agreement when the purchase is made.

3.3 Excess Amounts. LSNI may, at its option, purchase, in any Contract Year, Cement from AGCW in amounts greater than the minimum amounts specified in Section 3.1 at the price determined in accordance with this Agreement, subject to availability. Amounts purchased in excess of the minimum amounts shall be credited toward minimum amounts required to be purchased in any subsequent Contract Year.

Section 4. Alaska Cement.

4.1 Exclusive Rights. AGCW hereby grants LSNI the exclusive right to sell and distribute AGCW Type III and Type G Cement in the State of Alaska until December 31, 1994 except to AGCW's existing customers, a list of which is attached as Exhibit G. LSNI acknowledges that AGCW does not inquire of its customers where Cement will be used.

4.2 Obligation to Purchase Requirements. Beginning January 1, 1992 until December 31, 1994 (unless extended pursuant to Section 4.3), LSNI shall purchase from AGCW, and AGCW shall sell to LSNI, all of LSNI's Alaska requirements for Type III and Type G cement. LSNI shall not be required to purchase, and AGCW shall not be required to sell, more than 50,000 Tons of Type G Cement annually.

4.3 Extension of Alaska Supply Agreement. LSNI shall have the option to extend its obligation to purchase, and AGCW's obligation to supply LSNI with, all of LSNI's Alaska requirements for Type III and Type G Cement for two three-year periods beginning January 1, 1995. LSNI shall exercise its option for the first three-year extension by providing AGCW with written notice of such extension by December 1, 1994. LSNI shall exercise its option for the second three-year extension by providing AGCW with written notice of such extension by December 1, 1997.

Section 5. Price. The price for any and all Cement purchased under this Agreement shall be determined in accordance with this Section 5. All prices are F.O.B. the Seattle Plant.

5.1 Seattle Sales. The price per Ton of Cement not purchased for use in Alaska shall be as stated in this Section 5.1. The price for the First and Second Contract Years shall be \$52.50, provided that LSNI has received an offer from another cement supplier to sell Cement to LSNI during that period at that price. The price for the Third Contract Year shall be the lowest dealer price for Cement used in the State of Washington, F.O.B. the Seattle Plant, charged by AGCW during the three months preceding that Contract Year, excluding prices under this LSI Supply Agreement. However, if LSNI receives an offer from another Cement supplier to sell LSNI its Annual Requirement of a type of Cement for the Third Contract Year at a lower price, F.O.B. Seattle, than stated above, and LSNI supplies AGCW with satisfactory evidence confirming the terms of the offer prior to the beginning of that Contract Year, AGCW may agree to sell that type of Cement to LSNI during the Third Contract Year for the price stated in the offer. If AGCW does not so agree, LSNI shall have no further obligation to purchase Cement (other than Alaska Cement) from AGCW. The price after the Third Contract Year shall be as negotiated by the parties.

5.2 Alaska Type III. The price per Ton of Type III Cement purchased for use in Alaska shall be \$52.50 during 1992, \$55.00 during 1993, \$57.50 during 1994, and as negotiated by the parties thereafter.

5.3 Alaska Type G. The price per Ton of Type G Cement purchased for use in Alaska shall be as stated in this Section 5.3. The price shall be \$52.50 during 1992. The price for any subsequent year shall be \$52.50, unless the Anchorage Market Price for the previous year deviates (either up or down) by more than \$5.00 per Ton from the Anchorage Base Price. The amount by which such deviation exceeds \$5.00 per Ton is referred to as the "Minimum Deviation." If the Minimum Deviation for a year is not zero, the price during the next year shall be \$52.50 adjusted, upwards or downwards, by one-half the Minimum Deviation. For example, if the Anchorage Base Price is \$60.00, and the Anchorage Market Price for 1992 is \$66.00, then the price during 1993 will be \$53.00.

Section 6. Terms.

6.1 Requirements Estimate. LSNI shall notify AGCW at least 30 days before the beginning of each Contract Year of the amount of Cement, by type, that it expects to purchase from AGCW during that Contract Year ("Annual Requirement") and during each month of that Contract Year ("Monthly Requirement") including amounts to be purchased for use in Alaska. By December 1, 1991 LSNI shall notify AGCW of its Monthly Requirements (through July, 1992) for Type III and Type G Cement for use in Alaska. Unless

otherwise agreed, each Monthly Requirement (by type) must be between 75% and 125% of the tonnage that would represent a typical seasonal delivery pattern for Washington state for the Annual Requirement (or for the total requirements for the seven (7) months ending July, 1992, as appropriate), as determined by statistics published from time to time by the Portland Cement Association. LSNI shall give AGCW at least 30 days notice of any substantial adjustment to its Monthly Requirements, by type, for that Contract Year, but may not increase any Monthly Requirement by more than 100% of the originally estimated Monthly Requirement without AGCW's consent.

6.2 Deliveries. LSNI shall give AGCW at least five (5) days advance request for railcar loads of Cement and at least ten (10) days advance request for barge loads of Cement. No notice shall be required for truck deliveries. AGCW shall not be required to deliver more than 110% of the Monthly Requirement (as adjusted by timely notice) of any type of Cement in any month. Subject to the foregoing, AGCW shall supply Cement to LSNI on an as-needed basis.

6.3 Loading. AGCW shall load Cement purchased by LSNI into LSNI's trucks, rail cars or barges, as designated by LSNI for the particular shipment. Except as otherwise provided, the price for the Cement determined in accordance with Section 5 shall be FOB the Seattle Plant, and includes, therefore, the cost of loading at the Seattle Plant. Until the Seattle Plant begins operating, AGCW may satisfy its obligations to deliver Cement to LSNI for use in Alaska by delivering the Cement in rail cars to the Facilities; LSNI shall be responsible for and bear any expenses of unloading the Cement, terminalling it, and transferring it to barges for delivery to Alaska.

6.4 Payment. AGCW will send LSNI an invoice for Cement delivered during each month, usually by the third business day of the following month. LSNI shall pay for all Cement delivered during a month by the tenth day of the following month or, if later, by the fifth business day after receipt of AGCW's invoice. LSNI shall pay a late fee for amounts not paid within five (5) days of the due date at the rate for late payments specified in AGCW's standard terms and conditions as then generally in effect for sales of Cement.

6.5 Other Terms. All sales of Cement made pursuant to this Agreement shall be upon and subject to Ash Grove's standard terms and conditions as then generally in effect for sales of Cement, except to the extent such terms and conditions are inconsistent with the provisions of this Agreement. In the event of any such inconsistency the provisions of this Agreement shall control. LSNI shall not be entitled to any cash discount or other

discount or allowance afforded to AGCW's other customers, because all discounts and allowances have already been accounted for in calculating prices under this Agreement.

6.6 Supply from Other Sources. If AGCW is unable to supply Cement required by this Agreement from its Seattle Plant, AGCW may provide such Cement from other sources; provided that the ~~average~~ price to LSNI for Cement under this Agreement is maintained and the Cement meets the specifications required by this Agreement. AGCW may deliver Cement obtained from other sources at any mutually agreeable location provided the price takes into account additional freight charges LSNI would incur in transporting the Cement to Seattle.

Section 7. Verification of Price. LSNI shall make available in Seattle, Washington, to KPMG Peat Merwick, or such other nationally recognized firm of independent certified public accountants AGCW may appoint, upon the request of AGCW and at AGCW's expense, such of LSNI's sales records as may be necessary in AGCW's accountants' opinion to enable AGCW's accountants to confirm the Anchorage Base Price and/or that the pricing of Cement sold by AGCW to LSNI conforms to the terms hereof. It shall be a condition to such accountants' access to sales records that the accountants agree in writing (a) to use the records only for the purpose of verifying LSNI's price calculations, and (b) not to disclose to AGCW any information appearing in or derived from the records except the correct prices to be charged under this Agreement.

Section 8. Specifications for Cement. All Cement delivered to LSNI pursuant to this Agreement shall meet the specifications for the type of Cement shipped set forth on Exhibit A attached hereto. Immediately upon LSNI's request from time to time at reasonable intervals, AGCW shall (i) permit a representative of LSNI access to its Seattle Plant and Seattle Plant records, as they relate to the initial and future production of Type G Oil Well cement to be purchased by LSNI pursuant to Section 3 of this Agreement, to the extent needed to verify compliance with the specification requirements for such Cement; and (ii) submit samples of Type G Oil Well cement to LSNI's designated representative or laboratory for analysis.

Section 9. Termination of Lease.

9.1 Termination. The Lease is hereby terminated on the Effective Date. AGCW shall deliver to LSNI possession of the premises that are the subject of the Lease on the Effective Date in the condition required by the Lease. On the Effective Date, AGCW shall also execute and deliver to LSNI a Quit Claim Deed, in form and content of Exhibit B attached hereto, transferring to LSNI all of AGCW's right, title and interest in the Facilities.

9.2 Satisfaction of Outstanding Obligations. In satisfaction of all AGCW's obligations under the Lease, AGCW shall pay to LSNI, concurrently with its execution of this Agreement, \$110,525. This payment has been calculated as described on Exhibit C attached hereto. Upon LSNI's receipt of such payment, AGCW and LSNI shall execute the Mutual Release attached as Exhibit F.

Section 10. Termination of Restrictive Covenants. The Lease Restrictive Covenant is hereby fully, completely and unconditionally released and extinguished effective on the Effective Date. AGCW and Ash Grove acknowledge that the Purchase Agreement Restrictive Covenant does not restrict LSNI.

Section 11. Option Agreement. AGCW shall on or before September 1, 1991 either: (i) exercise its option to purchase the Concrete Real Property pursuant to the Option Agreement, or (ii) execute and deliver to LSNI a Release and Termination of Option in the form attached hereto as Exhibit D.

Section 12. Defaults and Remedies.

12.1 Events of Default. Each of the following shall be an "Event of Default" under this Agreement:

(i) AGCW's material failure to supply Cement as required by this Agreement; provided that the failure to so supply Cement shall not constitute an Event of Default to the extent such failure is due to Force Majeure;

(ii) LSNI's material failure to pay for or take delivery of the Cement LSNI is required to purchase as required by this Agreement; provided that the failure to so take delivery shall not constitute an Event of Default to the extent that such performance is prevented by Force Majeure;

(iii) Any material breach of a covenant under this Agreement to be performed by either party not otherwise referred to in subparagraphs (i) and (ii) of this Section 12.1, which breach has not been cured within 30 days after written notice of such breach has been delivered to such party; or, in the case of a breach which cannot be cured retroactively, failure to resume compliance with the applicable covenants within 30 days of such written notice and thereafter continue compliance with diligence throughout the remainder of the Term; provided that a breach shall not constitute an Event of Default to the extent performance is prevented by Force Majeure.

12.2 Remedies.

12.2.1 Generally. If an Event of Default occurs, the non-defaulting party may exercise any right or remedy afforded by law.

12.2.2 Failure to Supply. If an Event of Default occurs under Section 12.1(i), LSNI may obtain Cement from other sources, and AGCW shall pay to LSNI the difference between the lowest F.O.B. Seattle, Washington price per Ton reasonably available to LSNI for such alternative Cement meeting the specifications required by this Agreement and the price per ton payable under this Agreement (the "Cover Amount"). AGCW shall pay to LSNI the Cover Amount within five (5) days following receipt of LSNI's written demand for payment accompanied by supporting documentation.

12.2.3 Failure to Take. If LSNI has not purchased the appropriate minimum amount required by Section 3 of this Agreement by the end of a Contract Year, less any Carry Forward Amount, LSNI shall pay AGCW, as liquidated damages, the purchase price for the amount of Tons needed to reach the minimum amount, less any Carry Forward Amount, within ten (10) days of AGCW's written request.

Section 13. Force Majeure.

13.1 Force Majeure. Neither party shall be considered to be in default in the performance of any of its respective obligations under this Agreement, other than payment obligations, to the extent performance of such obligations is delayed, hindered, or prevented by Force Majeure.

13.2 Action Upon Occurrence of Force Majeure. Upon the occurrence of any event of Force Majeure, the party whose performance has been or may be affected thereby shall promptly notify the other party, and, in the case where AGCW takes advantage of this Section 13.2, LSNI shall be free to purchase any Cement requirements it might have from other suppliers so long as the condition of Force Majeure shall continue and until LSNI receives written notice from AGCW stating that the condition is no longer in effect. To the extent that AGCW is unable to supply Cement in the amounts required by this Agreement due to an event of Force Majeure, in addition to LSNI's right to acquire Cement from other sources as permitted by this Section 13.2, LSNI shall have the right to purchase Cement from AGCW in the 12 months following the end of the condition of Force Majeure at the price in effect under this Agreement when the purchase is made. If, due to an event of Force Majeure AGCW is unable to meet the demands of all of its Cement customers, including the amounts required to be supplied to

LSNI by Section 3 of this Agreement, AGCW shall allocate its available supply between LSNI and customers other than LSNI in the same ratio that AGCW supplied LSNI and customers other than LSNI in the three calendar months prior to the occurrence of the Force Majeure. For example, if in the three calendar months prior to the occurrence of an event of Force Majeure, Cement purchased by LSNI under this Agreement constituted 40% of the total Cement sold by AGCW from the Seattle Plant then, after the occurrence of the event of Force Majeure, AGCW shall supply LSNI with 40% of AGCW's available supply from the Seattle Plant at the price and upon the terms of this Agreement. Upon the occurrence of an event of Force Majeure, the party whose performance has been or may be affected shall use its best reasonable efforts and shall take all reasonable measures necessary to remedy or overcome the event of Force Majeure. Notwithstanding the foregoing, (i) nothing in this Section 13.2 shall be construed to require a party to settle any strike, walkout, work stoppage, restraint of labor or other labor disturbance on terms which it considers unsatisfactory; and (ii) no provision of this Agreement requiring a party to pay money shall be excused nor shall such obligation be postponed or delayed on account of Force Majeure.

Section 14. LSI Supply Contract. AGCW acknowledges that LSNI claims that LSI negotiated and entered into the LSI Supply Agreement for and on behalf of LSNI and that, therefore, LSNI is entitled to the rights and benefits of the LSI Supply Agreement. AGCW hereby agrees that: (i) it will not agree to any modifications of the LSI Supply Agreement without the prior written consent of LSNI; (ii) if LSNI is successful in obtaining confirmation that it is entitled to the rights and benefits of the LSI Supply Agreement, whether through a court proceeding or by an assignment by LSI to LSNI of LSI's rights under the LSI Supply Agreement, AGCW will consent to such assignment and will recognize LSNI as the successor to LSI's interest; and (iii) the price of Cement determined in accordance with this Agreement shall be included in determining the "lowest comparable net price charged by Seller to any cement purchasers" as required by Section 3.1 of the LSI Supply Agreement for purposes of computing the price payable for Cement purchased under the LSI Supply Agreement.

Section 15. Miscellaneous.

15.1 Notices. Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed delivered when personally delivered, or when delivered by private courier service (such as Federal Express), when received by facsimile at the facsimile number shown below, or three (3) days after being deposited in the United States mail, in registered or certified form, return receipt requested, addressed as follows:

To LSNI: Lone Star Northwest, Inc.
5975 E. Marginal Way S.
P.O. Box 1730
Seattle, WA 98134
Attn: Mr. Philip R. Mickelson,
President
Facsimile: (206) 764-3012

with a copy to: Russell F. Tousley, Esq.
Tousley Brain
56th Floor, AT&T Gateway Tower
700 Fifth Avenue
Seattle, WA 98104-5056
Facsimile: (206) 682-2992

To Ash Grove
and/or AGCW: Ash Grove Cement West, Inc.
6720 S.W. Macadam Avenue, Suite 300
Portland, OR 97201
Attn: Mr. George M. Wells,
President
Facsimile: (503) 293-8999

or to such other person or address or facsimile number as either party may communicate to the other by like written notice.

15.2 Attorneys' Fees. In the event of arbitration or litigation between the parties hereto, declaratory or otherwise, in connection with this Agreement, the prevailing party shall recover its costs and reasonable attorneys' fees actually incurred, which shall be determined and fixed by the court or arbitrator as part of the judgment. The parties covenant and agree that they intend by this Section to compensate for attorneys' fees actually incurred by the prevailing party to the particular attorneys involved at such attorneys' then normal hourly rates and that this Section shall constitute a request to the court or arbitrator that such rate or rates be deemed reasonable. LSNI shall pay all recording fees with respect to any documents to be recorded hereunder.

15.3 Applicable Law. This Agreement shall be construed and interpreted under the laws of the State of Washington, and venue for any action arising out of or in connection with this Agreement shall be in King County, Washington.

15.4 Assignment. Either party may assign its rights under this Agreement to a Controlled Entity without the consent of the other party. Except as to Controlled Entities, AGCW may assign its rights under this Agreement only with the prior written consent of LSNI. Except as to Controlled Entities, LSNI may assign its rights under this Agreement only with the prior

written consent of AGCW. An assignment made pursuant to the terms of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. A merger of Ash Grove and AGCW or an assignment by AGCW to Ash Grove shall not be considered an assignment requiring consent.

15.5 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and there are no representations, agreements, arrangements, understandings, oral or written between and among the parties hereto with respect to the subject matter hereof except as set forth herein. No amendment or supplement to this Agreement shall be valid or effective unless in writing and executed by both parties hereto.

15.6 Captions and Pronouns. Any titles or captions of sections contained in this Agreement are for convenience only and shall not be deemed part of the context of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as required for the identification of the person or persons, firm or firms, corporation or corporations. The locative adverbs "herein", "hereunder", "hereto", "hereby", "hereinafter", etc., whenever the same appear herein, mean and refer to this Agreement in its entirety and not to any specific section or subsection hereof. Any reference herein to "days" means consecutive calendar days.

15.7 Severability. Invalidity of any of the provisions contained in this Agreement by judgment or court order shall in no way affect any of the other provisions hereof and the same shall remain in full force and effect.

15.8 Counterparts. This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. Any signature page hereof may be detached from any counterpart hereof without impairing the legal effect of any signatures thereon and may be attached to another counterpart hereof identical in form hereto but having attached to it one or more additional signature pages.

15.9 Authority. Each person executing this Agreement on behalf of a party warrants that he or she is fully authorized to bind such party to this Agreement without the necessity of any further action or confirmation.

15.10 Arbitration. In the event of a dispute between the parties hereto relating to this Agreement, the dispute shall be resolved by single-arbitrator arbitration before the

07/28 14:20 1891

FROM:

TO: 5032938999

PAGE: 4

JUL 29 '91 14:18 MILLER NASH PTLD OR 503 224 5858
JUL 25 '91 13:28 ASH GROVE CEMENT CO 913-451-8324

P.4
P.4/4

can
American Arbitration Association under the Commercial Arbitration Rules modified as follows: (i) the Arbitrator shall be chosen by the American Arbitration Association without submittal of lists and subject to challenge only for good cause shown; (ii) all notices may be telephone or other electronic communication with later confirmation in writing; (iii) the time and date of the hearing shall be set by the Arbitrator in his or her sole discretion, provided that there shall be at least five (5) days prior notice of the hearing; (iv) discovery shall be permitted in accordance with the Federal Rules of Civil Procedure except as limited by the Arbitrator; (v) the Arbitrator shall issue his or her award within seven (7) days after the close of the hearing; and (vi) the arbitration shall take place in Seattle, Washington. Any of the above provisions may be modified by stipulation of the parties. The decision of the Arbitrator shall be final and non-appealable and enforceable in any court of competent jurisdiction. If the amount in controversy exceeds \$10,000, the arbitrator's decision shall include a statement specifying in reasonable detail the basis for the computation of the award, if any.

LSNI:

LONE STAR NORTHWEST, INC.,
a Washington corporation

By: *Philip R. Mickelson*
Philip R. Mickelson
Its: President

ASH GROVE:

ASH GROVE CEMENT COMPANY,
a Delaware corporation

By: *James P. Sunderland*
James P. Sunderland
Its: President

AGCW:

ASH GROVE CEMENT WEST, INC.,
a Nevada corporation

By: *George M. Wells*
George M. Wells
Its: President

14149501A017Q.TTB
7/26/91

14

AGC3A000014